

***Remarks***

Reconsideration of this Application is respectfully requested.

Upon entry of the foregoing amendment, claims 21-30 are pending in the application, with claims 21, 29 and 30 being the independent claims. Claims 21, 29 and 30 have been amended. No new matter has been added. Applicant respectfully requests that the amendments be entered since they place the application in even better condition for allowance (particularly given the Examiner's agreement, as discussed below, that the pending rejections would be withdrawn). Based on the above amendment and the following remarks, Applicant respectfully requests that the Examiner reconsider all outstanding objections and rejections and that they be withdrawn.

**Telephonic Interview**

The undersigned conducted a telephone interview with the Examiner regarding the outstanding rejections on March 10, 2009. The Examiner agreed with the undersigned that the double patenting rejection and the statutory subject matter rejection (both under 35 U.S.C. §101) were improper and would be withdrawn.

**Claim Objections**

The Examiner has objected to claims 29 and 30. Applicant has amended both claims to accommodate the Examiner's objection. Accordingly, Applicant respectfully requests that the amendment be entered and the objection be withdrawn.

**Rejections Under Double Patenting**

The Examiner has rejected claim 21-30 under 35 U.S.C. 101 as claiming the same invention as that of claim 1-10 of prior U.S. Patent No. 6,157,918 ("the '918 Patent"). As discussed with the Examiner, the pending claims have a different scope than claims 1-10 of the '918 patent. Thus, the "same invention" is not being claimed. *See* MPEP § 804 ("Same invention' means identical subject matter"). The Examiner has agreed to withdraw the rejection per the telephone interview of March 10, 2009. Accordingly, Applicant's respectfully request that the rejection be withdrawn and that claim 21-30 be passed to allowance.

**Rejections Under 35 U.S.C. § 101**

The Examiner has rejected claims 21-30 under 35 U.S.C. § 101 because the claimed invention is allegedly directed to non-statutory subject matter. Applicant respectfully traverses the rejection. The undersigned discussed this rejection during the telephone interview on March 10, 2009. The Examiner agreed to withdraw the rejection based on the claims as previously presented. Nevertheless, Applicant provides the following comments to overcome the pending rejection.

Determining whether a claim satisfies § 101 requires deciding whether the claimed invention is a "process," "machine," "manufacture," or "composition of matter." *See Bilski*, 545 F.3d at 951. If it falls within one of these categories, it is eligible subject matter *unless* the claim as a whole covers a "fundamental principle," a term which includes a "law[] of nature," a "natural phenomen[on]," or an "abstract idea." *Id.* at 952 & n.5. Applicants claims are clearly directed to a machine .

The Examiner states that the claims, when considered in light of *Bilski*, fail to provide a transformation of a particular item to a different state or thing. Office Action, p. 11. However, the Examiner has failed to apply the entire *Bilski* test. The Federal Circuit has held that a claim recites statutory subject matter if it satisfied the machine *or* transformation test. *In re Bilsky*, 545 F.3d 943 (Fed. Cir. 2008). The pending claims independent claims 21, 29, and 30 satisfy at least the *machine* portion of this test since they recite a *systems* that include a data processor.<sup>1</sup>

There is simply nothing abstract about a system claim that is tied to a data processor. The Federal Circuit has explained that a “machine” is “a concrete thing, consisting of parts, or of certain devices and combination of devices.” *In re Nuijten*, 500 F.3d 1346, 1355 (Fed. Cir. 2007). The Federal Circuit has long recognized that systems like independent claims 21, 29 and 30 are machines and clearly patentable subject matter.

The Federal Circuit's *State Street Bank* decision is illustrative. *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368 (Fed. Cir. 1998). The claim in *State Street* was directed to a computer system configured to perform a business method. The *State Street* system comprised a “personal computer including a CPU” configured to perform the steps of a business method, as well as a “a data disk”. 149 F.3d at 1371–72. The accused infringer challenged the patentability of this claim under § 101, but the Federal Circuit upheld its validity. In particular, the court observed that the claim was to a “machine” and that none of the exceptions to patentability applied.

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<sup>1</sup> The Supreme Court has recently granted *certiorari* in *Bilski*. *In re Bilski*, 943 F.3d 943 (Fed. Cir. 2008) (en banc), *cert. granted sub. nom. Bilski v. Doll*, 77 U.S.L.W. 3656 (U.S. June 1, 2009) (No. 08-964). The correctness of the test set forth in *Bilski* is

Notwithstanding its use of mathematics, the court held that the claim did not fall within the “mathematical algorithm” exception. *Id.* at 1373–75 & n.6 (citing *Diamond v. Diehr*, 450 U.S. 175, 192 (1981)) (“[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula, computer program, or digital computer”). Moreover, the court held there was no “business method” exception to patentability. *Id.* See also *In re Bilsky* 545 F.3d at 960 (“reaffirm[ing]” the conclusion that a business method exception would be “unlawful”).

Similarly, in *Alappat*, the Federal Circuit embraced the patent-eligibility of computer systems claimed as “machines.” 33 F.3d at 1545. Rejecting the argument that a computer programmed to perform particular functions is not directed to sufficiently specific hardware to be patent-eligible under § 101, the Federal Circuit recognized that a computer programmed by software to perform functions “becomes a special purpose computer.” *Id.* at 1545. Likewise, in *Warmerdam*, the Federal Circuit ruled that a “machine having a memory which contains data” is patent-eligible under § 101. 33 F.3d at 1358, 1360.

Post-*Bilski*, the decisions in *State Street*, *Alappat*, and *Warmerdam* continue to be binding precedent on the USPTO. The Federal Circuit just recently explained that “[t]he claim at issue in *State Street* was ... drawn to a patent-eligible machine implementation.” *In re Ferguson*, No. 2007-1232, at 4 (Fed. Cir. Mar. 6, 2009); accord *Bilski*, 545 F.3d at 960 n.18 (“In *State Street*, as is often forgotten, we addressed a claim drawn not to a process but to a machine” which remains patent eligible); *In re Comiskey*,

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squarely at issue before the Supreme Court. Nevertheless, Applicant's claims recite statutory subject matter as outlined herein.

2009 U.S. App. LEXIS 400, at \*37 (Moore, J., dissenting from denial of reh'g en banc) (*Bilski* "did nothing to change" the "long line of precedent" concerning machine claims).

The Examiner further alleges that the claimed elements of "formulation," "receiving," "applying templates," "view," "matching," "determining," etc. are merely method steps, which are impermissible in an apparatus claim. *See* Office Action, p. 11. However, the Examiner is misreading the claims. Independent claims 21 and 30 each recite (as amended) "a data processor configured to electronically price . . . and electronically match" a contract and independent claim 29 recite "a data processor configured to electronically price a contract." In other words, these claims recite a data processor programmed to price and/or match a contract. The recited elements further define how the data processor performs the pricing and/or matching. A programmed processor is statutory subject matter under the reasoning of *State Street*, *Alappat*, and *Warmerdam* post *Bilski*.

Finally, Applicant has amended all independent claims to recite "*electronically*." The claim term "electronically" further limits the claimed system to an implementation tied to electronic hardware (a machine) and thus brings it squarely within the broad scope of patentable subject matter. It is not possible for a human mind or a non-electronic device to "electronically" do anything without the aid of a machine. These limitations tie the claimed systems to a "machine" within the meaning of the *Bilski* machine-or-transformation test. The claims are thus patent-eligible.

Accordingly, Applicant respectfully submits that independent claims 21, 29 and 30 are directed towards statutory subject matter since the claims recite a machine and not a fundamental principle such as an abstract idea. Likewise, claims 22-28, which depend from claim 21, also recite statutory subject matter.

***Conclusion***

All of the stated grounds of objection and rejection have been properly traversed, accommodated, or rendered moot. Applicant therefore respectfully requests that the Examiner reconsider all presently outstanding objections and rejections and that they be withdrawn. Applicant believes that a full and complete reply has been made to the outstanding Office Action and, as such, the present application is in condition for allowance. If the Examiner believes, for any reason, that personal communication will expedite prosecution of this application, the Examiner is invited to telephone the undersigned at the number provided.

Prompt and favorable consideration of this Amendment and Reply is respectfully requested.

Respectfully submitted,

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